At VMware, we have a longstanding commitment to driving innovation that contributes to a net positive future and sustainable growth. I could not be more proud of the leadership role VMware has played and will continue to play in leaving ahead a better future—to put back more into the environment, society and the global economy than we take—and to inspire our employees, customers and partners to do the same.”

—Pat Gelsinger, CEO
WE'RE A SOFTWARE COMPANY THAT HELPS ORGANIZATIONS EVERYWHERE BECOME MORE CAPABLE AND MORE EFFICIENT THROUGH CLOUD, MOBILITY AND SECURITY TECHNOLOGIES.

2016 AT A GLANCE

WE SAVED 76 MILLION METRIC TONS CO₂e FOR OUR CUSTOMERS

$7.1B REVENUE (USD)

LEED® BUILDINGS

VMWARE USED 115,810 METRIC TONS CO₂e

11 LEED® BUILDINGS

72% VMWARE GLOBAL OPERATIONS POWERED BY RENEWABLE ENERGY

A- CDP LEADERSHIP LEVEL

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23% WOMEN

US EMPLOYEES SAY VMWARE IS A GREAT PLACE TO WORK

92% VMWARE PEOPLE GIVE BACK

85% VMWARE PEOPLE GIVE BACK

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92% VMWARE PEOPLE GIVE BACK

85% VMWARE PEOPLE GIVE BACK
VMware is tackling challenges in bold ways. In 2016, we presented our first-ever Global Impact Report, “Force for Good.” In it, we introduced 15 aspirations and goals that we’re striving to meet by 2020. In this Executive Summary, we provide an annual update that includes our Performance Summary and GRI Content Index, as well as a few vignettes highlighting our progress across our three pillars of impact: Product, Planet and People.

As a global technology leader, we believe it’s both a responsibility and an opportunity to create a net positive impact in the world and for the world, particularly when it comes to the environment and society. By harnessing the power of our people, products and operations, we’re building a culture where striving to leave ahead a better future is embedded in everything we do.

I’m especially excited about several milestones we reached last year, including our commitment to quantify the net positive impact of our products, the development of a forward-thinking strategy for achieving carbon neutrality and the evolution of progressive and inclusive employee programs across our global community.

Though we made great strides, we also faced some challenges. As a growing global organization, we’re constantly challenged by the pursuit of consistent systems and processes across our 116 global and diverse locations. Given the scale of our business, integrating sustainability into our software development processes, while one of our central ambitions, is also one of the most complex. This is particularly formidable given that this area of corporate sustainability is mostly unchartered. We’re excited that, in 2016, we moved the Sustainability function into the Office of the Chief Technology Officer (OCTO) to align more closely with VMware’s innovation engine.

Last year also marked the historic Dell Technologies acquisition of EMC Corporation. Significant and bold in scope, the undertaking was not without organizational and operational challenges. The Dell Technologies family of companies is recognized as a powerhouse for positive change across the globe, and we look forward to contributing to those efforts.

Change and transition with social and political shifts occurring in the US and abroad, made it even more evident that an enduring culture and strong business fundamentals are essential for navigating what lies ahead. Our community is the force behind our continued success, and we take great pride in the strides we’re making together.

Sincerely,

Nicola Acutt, VP of Sustainability Strategy
Striving to leave ahead a better future

“The age of acceleration is upon us. Macro forces of change are driving unprecedented opportunity and challenging us in the technology industry to rethink our role in making the world a better place in ways that are not only more innovative, but more sustainable, inclusive and equitable work for all. I’m proud of our efforts at VMware to do just that.” — Ray O’Farrell, Executive Vice President & Chief Technology Officer

The spirit of our culture and sustainability vision is captured in our mission to “leave ahead” a better future. To us, this means to leave something in better condition than it was found; or as we commonly say at VMware, to put back more than we take. Looking back on 2016, the progress highlighted in the pages that follow underpinned the positive acceleration in our business and the social and environmental impact that we’re driving today.

Net Positive Beyond Server Virtualization

Since our founding in 1998, we’ve worked non-stop to create smarter, cleaner ways for businesses to operate more sustainably. For over a decade, our software dramatically increased the efficiency of compute servers. We’ve now extended those benefits to storage and networking, which means the future holds fewer power hungry storage arrays and network routers—as well as dramatic reductions of costly infrastructure. IDC’s 2016 analysis documents that VMware vSphere virtualization has a significant, tangible and net positive effect on lowering the size and scope of infrastructure and, as a direct result, the carbon-intensity of our customers’ IT environments. In a study released this year, IDC estimates that cumulative infrastructure savings can quickly go north of 20-25% when firms proportionately complement their vSphere installations with VMware vSAN and VMware NSX. Ultimately, we enable companies to aggressively reduce their carbon footprint through the modernization of data centers and public cloud integration.

Enabling Sustainability Through Digital Transformation

VMware has been a big win for customers from the start—a force for good that creates a ripple effect of positive change, from us to them, and from them to their communities, environment and stakeholders. Throughout 2016, our people have enabled the digital transformation of our customers around the world as well as supported their sustainability efforts. Just one of many examples involves Siemens Wind Power, a global leader driving the efforts to make wind a fundamental source of renewable energy. Reducing the cost of wind power is one of their key goals, and that means capturing efficiencies wherever possible. Utilizing VMware’s Horizon virtual desktop technology, Siemens creates and shares CAD drawings worldwide, which enables their employees to easily access projects via multiple workstations. Leveraging this ability to seamlessly collaborate in a virtual environment, teams are more productive and efficient while their data remains secure. As a result of increased productivity, Siemens can provide a product that leads to a more sustainable future.

Investing in a Low Carbon Strategy for Sustainability

In addition to enhancing the transformative capabilities of our products, we’re also focused on lessening our direct impact on the planet. Throughout 2016, we innovated ways to get us closer to our ambitious 2020 environmental goals—carbon neutrality and 100% renewable energy for our operations.

For starters, we’ve outlined an innovative strategy and detailed roadmap to guide our way. We are ramping up our procurement of renewable energy instruments and carbon offsets each year through 2020. This allows us to integrate an effective price on carbon into our business and creates the platform against which internal or external options can be measured. The global market for Energy Attribute Certificates (EACs, RECs in the US) and Low Carbon Projects is evolving rapidly and participation now enables us to understand and capitalize on the opportunities. In 2016, for the second consecutive year, we reduced to zero our scope 2 emissions in the US with the purchase of 14,550 MT CO2e RECs (or 30,000 MWh).

We’re especially proud to announce that we reduced our emissions intensity by 15% in 2016, significantly surpassing our 10% target. We experienced 8% financial growth while reducing our absolute Scope 2 intensity by 15% in 2016, significantly surpassing our 10% target. We experienced 8% financial growth while reducing our absolute Scope 2 emissions by 4%—proof that business fundamentals and environmental responsibility can go hand in hand.

In addition, we undertook numerous infrastructure projects in 2016—from LED lighting upgrades throughout our garages at our HQ campus in Palo Alto to LEED® Platinum certification for our site in Bangalore, India—and have several more in the pipeline. We understand that our footprint extends beyond our walls and, as a result, have furthered our analysis and reporting of Scope 3 emissions. This year, we assured our Scope 3 emissions related to business air travel for our Carbon Disclosure Project (CDP) submission and have started down the path of calculating other Scope 3 emissions.

“VMware’s business-focused approach to sustainability sets us apart from others—it just makes business sense.” — Zane Rowe, Chief Financial Officer

VMware's 2016 Carbon Footprint

| Scope 1 - Direct Fuel-Based Consumption | 3,446 MT CO2e |
| Scope 2 - Purchased Electricity | 3,375 MT CO2e |
| Scope 3 - Business Air Travel | 6,777 MT CO2e |
| Scope 3 - Employee Commuting | 57,635 MT CO2e |

415 MILLION MT CO2e AVOIDED BY CUSTOMERS USING VMWARE VIRTUALIZATION OVER THE LAST 14 YEARS

8 | Force For Good: Journey to 2020 VMware Global Impact Report 2016 | 9
“People don’t just join companies, they join communities. Done right, Power of Difference Communities are rocket fuel for a culture of inclusion.”
— Betsy Sutter, Chief People Officer

Powering Innovation Through Human Difference and an Equitable Work Environment

Along with enhancing our products and shrinking our environmental impact, we’re reaching farther and wider to recognize, engage, celebrate and empower our people—the human capital that underpins our technology. One important way we are living our EPIC2 values is by nurturing an inclusive and diverse culture through our employee-driven Power of Difference communities (PODs). Building on our comprehensive and business-led approach to diversity and inclusion, in 2016, we broadened our internal focus on culture change and engagement by launching 19 new POD chapters. PODs can be focused on key demographic groups (i.e., Black, Chinese, Latino, LGBTQIA, Veterans, Women) or around driving site-specific inclusion strategies. PODs are open to anyone in the company and are designed to help participants grow as leaders, engage with different communities, and drive business impact.

True to our core values, we believe in equal pay for equal work. We continually analyze compensation globally, accounting for multiple factors that influence pay such as tenure, geographic location and performance. Our 2016 analysis performed by an independent third party, shows that at VMware women earn 99% of their male counterparts’ salaries globally and racial and ethnic minority employees earn 100% of their white counterparts’ salaries in the US. We’re pleased with this progress and are strongly committed to pay equity and equal opportunity across gender and racial lines.

Reimagining Performance and Being All-In for Our New Families

Rethinking performance management is one of the many ways we’re striving to promote transparent conversations and open communication. In 2016, we moved from static performance ratings and lengthy annual reviews toward dialogue centered on regular manager and employee conversations, frequent feedback to align expectations and flexible goal setting. We believe that by innovating new performance norms, we not only build stronger human relationships and improve communication between employees and managers, we also ensure we stay agile and responsive to the changes that naturally occur in the business environment.

A culture of equality extends to how we embrace families of our people. As such, we’ve also gone all-in to grow our business while further enhancing our culture of community. In the fall of 2016, we expanded our current US Parental Leave program significantly. Now all new parents receive 18 weeks of full pay while on leave. This includes maternity, paternity and adoption leaves for all newborns or adoptions. Through the establishment of this program, we enable our employees to focus more fully on their growing families, while giving them financial peace of mind.

Illuminating the Good in the World

A hallmark of VMware’s approach to giving back is the belief that everyone has something unique to contribute to this world and that our individual actions add up to our collective impact as a community. Big things have small beginnings. A group of VMware people participated in a leadership development program through immersive Service Learning with CARE India and the Udaan school in Hardoi, India. Through this Good Gigs program, the VMware team worked with Udaan teachers to enhance their curriculum by incorporating technology in their lesson plans. Within a unique curriculum designed to bring adolescent girls outside the mainstream school system up-to-speed on grades 1-5 in just 11 months, every minute saved through the use of technology is of great value to Udaan teachers. Identifying a new generation of technology tools to meet the unique requirements of the school (solar power, a classroom without heat, and monkeys who chew internet cables), the team also found sustainable technical solutions to enable Udaan Hardoi to thrive.

The VMware Foundation’s focus on Citizen Philanthropy continues to be a shining light, empowering our people to contribute to the causes that matter most to them. One of the highlights was last December when, during our annual holiday celebration, our people were invited to direct a donation to their global nonprofit of choice. 16,948 people participated (85% of our community) and joined in giving back in 2016. Together, we supported more than 7,400 nonprofits in 100 countries. This is the power of collective impact.
PERFORMANCE SUMMARY
CALENDAR AND FISCAL YEAR 2016

PRODUCT

Revenue
$7,093 million

Greenhouse Gas (GHG) Emissions avoided by VMware products
76,000,000 MT CO2e

Registered patents (cumulative)
1,309

PLANET

Energy & Climate Change

GHG emissions 1
115,910 CO2e

Scope 1: Direct emissions from owned/controlled operations
3,446 CO2e

Scope 2: Indirect emissions from the use of purchased electricity (market-based) 2
27,754 CO2e

Scope 3: Business air travel
36,771 CO2e

Scope 3: Employee commuting 3
47,839 CO2e

Scope 2: Indirect emissions from the use of purchased electricity (location-based)
68,323 CO2e

GHG emissions intensity revenue metric (MT CO2e/million US$ revenue) 4 5
3.91

GHG emissions intensity employee metric (MT CO2e/employee) 6
3.46

GHG emissions intensity square footage metric (MT CO2e/1,000 square feet) 7
7.06

Energy Use

Electricity purchased
147,618 MWh

Total renewable energy purchase
114,183 MWh

Total Renewable Energy Credits (RECs) purchased
30,000 MWh

Renewable energy purchased (excluding RECs)
84,183 MWh

Percentage of renewable energy globally
72%

LEED® certifications
11

Percentage of square footage in LEED® certified space
37%

Wenatchee Data Center Power Usage Effectiveness (PUE)
1.26

Waste

Waste generation
775 tons

Recycling
255 tons

Compost
473 tons

Landfill
46 tons

Landfill diversion rate
94%

Waste programs implemented (as a percent of global square footage)
34%

Water

Water consumed
51,087,366 gallons

Water consumption coverage (as a percent of global square footage)
46%

Suppliers

Suppliers with diversity qualifications (approximate)
4%

Environmental Compliance

Environmental Violations
0

Environmental Fines (US$)
$0

PEOPLE

Employees

Number of employees
19,959

Regional employees (AMER %)
52%

Regional employees (APJ %)
30%

Regional employees (EMEA %)
18%

Global gender diversity (% female)
23%

Regional gender diversity, AMER (% female)
24%

Regional gender diversity, APJ (% female)
21%

Regional gender diversity, EMEA (% female)
22%

Regular employees under 30 years old
17%

Regular employees 30-50 years old
73%

Regular employees over 50 years old
10%

US - African-American/Black
2%

US - Asian
33%

US - Caucasian/White
58%

US - Hispanic/Latino
5%

US - Multiracial
2%

Differently Abled (US)
< 1%

LGBTQ (Global)
10%

Veterans (US)
9%

Employees in professional development programs
8,725

R&D technical courses completed
8,293

Business Conduct Guidelines training completed
100%

Employee engagement 11
82%

Employee Net Promoter Score (NPS) 12
87%

Employees who say VMware is a great place to work 13
92%

Return to work and retention rates of employees who took parental leave 14
88%

Injury Rates
0

Fatalities
0

Community

Total VMware Foundation grants
$4,573,000

VMware matching gifts (included in total above)
$2,632,000

Employee service learning
66,113

Employees who participated in charitable activities
16,948

Employees who participated in charitable activities
85%

Global nonprofits supported
7,411

Total VMware University Research Fund (VMURF) grants 15
$3,200,000

Public Policy & Governance

Company political contributions
$10,000

VMware PAC contributions 16
$57,000

Board of Directors gender diversity (% female)
11%
## GENERAL STANDARD DISCLOSURES

### Description
- **G4-1**: Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability
  - Message from Our VP of Sustainability Strategy Message from Our CEO

### Organizational Profile
- **G4-3**: Name of the organization
  - VMware, Inc.
- **G4-4**: Primary brands, products, and services
  - VMware 2016 Form 10-K
- **G4-5**: Location of the organization’s headquarters
  - 3401 Hillview Avenue, Palo Alto, California 94304 USA
- **G4-6**: Number of countries where the organization operates, and names of countries where either the specifically relevant to the sustainability topics covered in the report
  - CDP Climate Change Request 2017
- **G4-7**: Nature of ownership and legal form
  - VMware 2016 Form 10-K
- **G4-8**: Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)
- **G4-9**: Scale of the organization
  - VMware 2016 Form 10-K
- **G4-10**: Total number of employees by employment contract and gender
- **G4-11**: Describe the organization’s supply chain
- **G4-12**: Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain
  - VMware 2016 Form 10-K
- **G4-13**: List all the material Aspects identified in the process for defining report content.

### Material Aspects and Boundaries
- **G4-17**: List all entities included in the organization’s consolidated financial statements and if any of these are not covered in the report
  - VMware 2016 Form 10-K
- **G4-18**: Explain process for defining report content and Area boundaries and implementation of the Reporting Principles for Defining Report Content
- **G4-19**: List the all material Aspects identified in the process for defining report content.
- **G4-20**: For each material Aspect, report the Area Boundary within the organization
- **G4-21**: Note any restatements of information provided in previous reports, and the reasons for such restatements.
  - Minor changes in metrics and methodologies for 2016 Performance Summary
- **G4-22**: Significant changes from previous reporting periods in the Scope and Area Boundaries
  - None to report.

## SPECIFIC STANDARD DISCLOSURES

### Aspect: ECONOMIC PERFORMANCE
- **G4-EC1**: Direct economic value generated and distributed
  - VMware 2016 Form 10-K

### Aspect: ENERGY
- **G4-EN1**: Energy consumption within the organization
  - CDP Climate Change Request 2017
- **G4-EN2**: Energy intensity ratio for the organization
  - CDP Climate Change Request 2017
- **G4-EN3**: Energy consumption within the organization
  - CDP Climate Change Request 2017
- **G4-EN4**: Redution of energy consumed
  - CDP Climate Change Request 2017

## Stakeholder Engagement
- **G4-24**: List of stakeholders
- **G4-25**: How identified/selected stakeholders
- **G4-26**: Frequency and type of engagement for each stakeholder group (and whether any of the engagement was undertaken specifically as part of the report preparation process)
- **G4-27**: Key topics/concerns by group

## Report Profile
- **G4-28**: Reporting period
  - January 1, 2016 - December 31, 2016
- **G4-29**: Date of most recent report
- **G4-30**: Reporting cycle (annual)
  - Annual
- **G4-31**: Contact point for questions
  - GIR_Sustainability@vmware.com
- **G4-32**: Which “in accordance” option
  - This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.
- **G4-33**: List all the material Aspects identified in the process for defining report content.

## Governance
- **G4-34**: Governance structure (committees of the highest governance body responsible for decision-making on economic, environmental and social impacts)
  - CDP Climate Change Request 2017

## Ethics and Integrity
- **G4-56**: Values, principles, standards and norms of behavior such as codes of conduct
- **G4-57**: Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines
- **G4-58**: Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines
SPECIFIC STANDARD DISCLOSURES

Aspect: WATER
G4-EN8 Total water withdrawal by source CDP Climate Change Request 2017

Aspect: EMISSIONS
G4-EN9 Direct greenhouse gas (GHG) emissions (Scope 1) CDP Climate Change Request 2017
G4-EN10 Energy indirect GHG emissions (Scope 2) CDP Climate Change Request 2017
G4-EN11 Other indirect GHG emissions (Scope 3) CDP Climate Change Request 2017
G4-EN12 GHG emissions intensity CDP Climate Change Request 2017
G4-EN13 Reduction of GHG emissions CDP Climate Change Request 2017

Aspect: PRODUCTS AND SERVICES
G4-EN27 Extent of impact mitigation of environmental impacts of products and services CDP Climate Change Request 2017

Aspect: EMPLOYMENT
G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region VMware Global Impact Report 2016
G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations https://careers.vmware.com/
G4-LA3 Return to work and retention rates after parental leave, by gender VMware Global Impact Report 2016

Aspect: TRAINING AND EDUCATION
G4-LA9 Average hours of training per-year per employee, by gender, and by employee category VMware Global Impact Report 2016
G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings VMware Global Impact Report 2016
G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category VMware Global Impact Report 2016

Aspect: DIVERSITY AND EQUAL OPPORTUNITY
G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity VMware Global Impact Report 2016

Aspect: EQUAL REMUNERATION FOR WOMEN AND MEN
G4-LA13 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data VMware Global Impact Report 2016

Aspect: CUSTOMER PRIVACY
G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data VMware Global Impact Report 2016

ENDNOTES

1. VMware. VMware's GRI Content Index 2016. Web, vmware.com/go/VMware-GRI-Content-index-2016

GLOBAL IMPACT PERFORMANCE SUMMARY

1. Scope 1, 2 (market-based) and 3 are included.
2. The market-based method reflects the emissions from the electricity that a company is purchasing, which may be different from the electricity that is generated locally.
3. Our employee commuting data is an estimate and assumes that 85% of our global workforce drives alone daily (excluding employees who work remotely).
4. Scope 2 (market-based)/Revenue (in millions)
5. Scope 2 (location-based)/Employee Count
6. Scopes 1 & 2 (market-based)/Square Footage (in thousands)
7. LEED® occupied space includes VMware leased office space within buildings that have been LEED® certified by another party.
8. Other includes: Native Hawaiian, Other Pacific Islander, American Indian or Alaskan Native.
9. Voluntary disclosure data.
10. VMware University Research Fund (VMURF)
11. Based on VMware's Voice of VMware annual survey participation.
13. Based on responses to our Great Place to Work survey.
14. In 2014, VMware had 353 birth events. 88% of those employees with birth events remained employed with VMware within 12 months of the birth event.
15. The VMware University Research Fund (VMURF) supports academic research in an effort to give back to the research community which enabled the founding of VMware. VMURF supports the top innovative academic researchers who are on track to deliver breakthrough results and transform the computing industry. The portfolio of university engagements are geographically diverse and cover a variety of research areas ranging from systems, storage, networking, machine learning, IoT and other timely topics.
16. As cybersecurity, cloud infrastructure, and digital innovation become a frequent subject of legislation and regulation, VMware has a responsibility to engage in the political process. We do this by interacting with policymakers, offering our expertise and perspective, taking part in trade associations and organizations that advance our objectives, and through individual political giving by our employees through the VMware Political Action Committee (VMware PAC). The VMware PAC is a bipartisan way that our employees can collectively make a positive impact on policy by helping to elect federal officeholders and to educate them on our complex issues. VMware PAC is open to employees who meet criteria required by federal law, their spouses, and VMware shareholders and is subject to oversight and monetary limits by the Federal Election Commission (FEC). VMware may not use corporate funds for the PAC, nor can any VMware corporate entities make direct contributions to candidates for federal office. All employees and eligible parties, including executive officers, are limited by the FEC to $5,000 in annual contributions to the VMware PAC.
“For us, sustainability means enhancing the world we live in, not simply sustaining it. It means shifting the focus from doing “less bad” to doing “more good.” Most importantly, it means deepening our understanding of the connection of our own business practices to the rest of the world.”

—Nicola Acutt, VP of Sustainability Strategy
Our definition:

**LEAVE AHEAD**

[lēv/ə'hed] | verb

to leave something in better condition than it was found; pay it forward; to put back more than you take